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DEPARTMENT OF COMMERCE

International Trade Administration

Travel and Tourism Trade Mission to Russia September 15 – 19, 2014

AGENCY: International Trade Administration, Department of Commerce.

ACTION: Notice.

MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration, including the National Travel and Tourism Office (<http://travel.trade.gov/>), with support from Brand USA (<http://www.thebrandusa.com/>) is organizing an Executive-led trade mission to Moscow and St. Petersburg, Russia with an optional stop in Yekaterinburg, Russia, September 15-19, 2014. The purpose of this mission is to help U.S. firms in the travel and tourism industry find business partners and sell services in Russia. The targeted sector for participation in this mission is travel and tourism, including U.S.-based travel and tourism suppliers, destination marketing organizations (i.e., convention and visitors bureaus), travel promotion organizations and other travel and tourism entities promoting and selling travel to the United States including trade associations.

The mission will include stops in Moscow and St. Petersburg, where participants will receive market briefings and participate in customized meetings with key officials and prospective partners. There will be an optional stop in Yekaterinburg, Russia.

The mission supports President Obama's National Export Initiative (NEI) to strengthen the U.S. economy and U.S. competitiveness through meaningful job creation and furthers the National

Travel and Tourism Strategy. The mission will help U.S. companies already doing business in Russia to increase their footprint and deepen their business interests.

The mission will help participating firms and associations/organizations gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports of services to Russia. The mission will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with state and local government officials and industry leaders; and networking events. Participating in an official U.S. industry delegation, rather than traveling to Russia on their own, will enhance the companies' ability to secure meetings in Russia.

The mission will be supported by the Brand USA (<http://www.thebrandusa.com/>). The mission of Brand USA is to encourage increased international visitation to the United States and to grow America's share of the global travel and tourism market. In doing so, Brand USA aims to bring millions of new international visitors who will spend billions of dollars to the United States, creating tens of thousands of new American jobs.

All travel and tourism companies, including U.S.-based travel and tourism suppliers, destination marketing organizations (i.e., convention and visitors bureaus), travel promotion organizations and other travel and tourism entities promoting and selling travel to the United States including trade associations are encouraged to apply.

COMMERCIAL SETTING

In 2012, about 260,000 visitors from Russia traveled to the United States. If current trends continue, more than 300,000 visitors from Russia will have traveled to the U.S. in 2013, representing an increase of 30%. Since 2010, the number of visitors from Russia to the United States has increased by an average of more than 20% each year. The forecast is for the number of Russians visitors to the United States to reach nearly 500,000 per year by 2018.

With a population of over 140 million, Russia is the ninth most populous country in the world and is a huge market for outbound travel. Sustained economic growth, low unemployment and rising personal income levels mean that more Russians are able to travel more often and to long-haul destinations, such as the United States. According to the United Nation's World Tourism Organization, Russians are among the top tourism spenders in the world, ranking number five and spending an estimated \$42 billion in 2012. The vast majority of Russians visit the United States for holidays and to see family and friends. Russians enjoy shopping, dining out, sightseeing in cities, experiencing amusement and theme parks, and visiting historical places. It is noteworthy that nearly 40% of Russians who visited the United States in 2012 were first-time visitors. The average income of Russians visiting the United States is approximately \$60,000, which means they have disposable income to spend on shopping, dining and leisure activities. Also, the continued strength of the Euro and British Pound against the U.S. dollar has helped make travel to the United States more attractive and affordable for Russian travelers.

For Russians, outbound travel is both a vital part of doing business and a trendy form of leisure holidays. Russians experience a very cold winter each year, and they are always searching for sunny and dry destinations for their holiday adventure. A significant development is that more airlines, both U.S. and international, have launched non-stop service connecting Moscow with U.S. destinations. Delta Airlines, Aeroflot Russian Airlines, Transaero, and Singapore Airlines all offer direct flights to U.S. cities. Aeroflot flies to New York City, Washington, D.C., and Los Angeles; Delta flies to New York; Transaero to New York and Miami, and Singapore Airlines flies to Houston. Many more international airlines transport Russian travelers to the U.S. via hubs such as Frankfurt, Copenhagen, Amsterdam, Madrid, London, and others.

Overall growth in demand for the United States as a tourism destination has also been driven by an increase in disposable income in a discrete segment of Russian society. Those travelers have generally already traveled to Europe and Asia, and the United States is now an affordable destination. A supporting factor behind the steady growth in the number of Russian tourism to the United States is the publicity surrounding the improvements in the visa application process that has taken place in recent years. The U.S. Embassy has made great progress in improving the process in the face of a rapidly growing number of applications including: increasing staffing; public speaking and outreach; providing visa information available online in Russian; allowing application fees and supporting documents to be sent to the Embassy via a courier service with offices across Russia; and accepting payments at Russian post offices and online. Because of an increase in visa reciprocity, Russians now have the opportunity to secure three-year, multiple entry visas. As part of a worldwide change, most of those wishing to renew a tourist visa within 47 months following their previous visa expiration date can obtain their new visa without an in-person interview. The availability of visa information online has made it possible to counter the

market's impression that U.S. visas are expensive, difficult to obtain and take a long time to process.

Russian tour operators are also educating their travelers regarding these improvements.

Based on the results of a recent survey of Russian tour operators conducted by U.S.

Commercial Service Moscow, the most promising destinations in the United States include:

- Cities: New York City, Miami, and Las Vegas;
- National Parks;
- Ski /Winter Resorts; and
- Leisure /Entertainment Complexes.

New York City has been and will likely remain the most popular city destination for Russian tourists in the near future. Russians will often combine their business travel to New York City with a pleasure trip. Their family, historical, and cultural ties to New York City put it on the top of the list for brand awareness, followed by Miami and other locations in Florida, famous for their comfort and opportunities for various forms of leisure. As more Russian tourists reach the U.S. West Coast, California resorts and attractions are becoming increasingly popular in this respect as well. Las Vegas, historically considered by many Russians the gambling and entertainment capital of the world, has gained in popularity after July 1, 2009, when gambling was officially banned in Russia. Interest in national parks is growing as Russian tourists learn more about what they have to offer. Ski and winter sports resorts have become more popular in recent years as an alternative to

European resorts as they provide a unique travel experience in terms of variety, beauty and quality of service.

Other Products and Services

The foregoing analysis of the travel and tourism opportunities in Russia is not intended to be exhaustive, but illustrative of the many opportunities available to U.S. businesses. Applications from companies selling products or services within the scope of this mission, but not specifically identified, will be considered and evaluated by the U.S. Department of Commerce. Companies whose products or services do not fit the scope of the mission may contact their local U.S.

Export Assistance Center (USEAC) to learn about other business development missions and services that may provide more targeted export opportunities. Companies may call 1-800-872-8723, or go to <http://help.export.gov/> to obtain such information. This information also may be found on the website: <http://www.export.gov>.

MISSION GOALS

The goal of this Trade Mission is to help U.S. destinations and tourism suppliers, including receptive tour operators, to develop their contacts and generate exports to Russia by providing business-to-business introductions and market access information so they can position themselves to enter or expand their presence in Russia.

MISSION SCENARIO

The Russia Travel and Tourism Trade Mission will visit Moscow and St. Petersburg with an optional stop in Yekaterinburg, allowing participants to access the largest markets and business centers in Russia. In each city, participants will meet with potential business contacts.

PROPOSED TIME TABLE

Date	Day	Activity
September	Sunday –	Arrive in Yekaterinburg (optional)
14.....	Yekaterinburg	Mission Meetings Officially Start;
September	Monday –	Seminar presentation; One-on-one
15.....	Yekaterinburg	business appointments;
		Business/Media Breakfast
	Monday – Moscow	Arrive/Travel to Moscow
September		
16/17.....	Tuesday/Wednesday – Moscow	Breakfast briefing with U.S. Embassy staff; Seminar presentation; One-on- one business appointments; Media event; Evening business reception
September 18.....	Thursday Travel to St. Petersburg	

September 18/19.....	Thursday/Friday – St. Petersburg	Seminar presentation; Trade Fair; One-on-one business appointments; Evening business reception; Mission ends
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PARTICIPATION REQUIREMENTS

All applicants will be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. The mission is designed for a minimum of 15 and a maximum of 20 participants. U.S. companies already doing business in the target markets as well as U.S. companies seeking to enter these markets for the first time are encouraged to apply.

Fees and Expenses

After a company has been selected to participate on the mission, a participation fee to the U.S. Department of Commerce is required. The participation fee for one representative is \$1900 for a small or medium-sized enterprise (SME)¹ and \$2250 for large firms. The fee for each additional

¹ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations. See <http://www.sba.gov/contractingopportunities/owners/basics/whatismallbusiness/index.html>. Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing

firm representative (SME or large) is \$500. For the Yekaterinburg option, there is an additional fee of \$750 for SMEs and \$850 for large companies, and \$200 for each additional firm representative (SME or large). Expenses for travel, lodging, some meals, and incidentals will be the responsibility of each mission participant.

Conditions for Participation

An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the U.S. Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications. Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent U.S. content of the value of the finished product or service.

Selection Criteria for Participation

Suitability of the company's products or services to the mission goals. Applicant's potential for business in Russia, including likelihood of exports resulting from the mission.

Consistency of the applicant's goals and objectives with the stated scope of the mission.

Diversity of company size, sector or subsector, and location may also be considered during the review process.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

TIMEFRAME FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar – www.ita.doc.gov/doctm/tmcal.html – and other Internet web sites, press releases to general and trade media, direct mail, broadcast fax, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows.

Recruitment for the mission will begin immediately, and conclude July 15, 2014. The U.S. Department of Commerce will review applications and make selection decisions on May 7, 2014 and again on July 28, 2014 until the maximum of 20 participants is selected. Applications received after July 15, 2014, will be considered only if space and scheduling constraints permit.

Contacts:

Frank Spector
Trade Missions Office
U.S. Department of Commerce
Washington, DC 20230
Tel: 202-482-2054
Fax: 202-482-9000

Frank.Spector@trade.gov

Scott Pozil
Deputy Senior Commercial Officer
U.S. Embassy
Moscow, Russia
Tel: 7-495-728-5364
Fax: +7-495-728-5585
Scott.Pozil@trade.gov

Frank Spector,
Senior International Trade Specialist,
Trade Missions Office.
202-482-2054

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